

Dissenting Views Of David Obey

On Committee Reported Supplemental Appropriation For Defense and Reconstruction of Iraq and Afghanistan

The \$86.9 billion Supplemental Appropriation reported by the Committee is a marked improvement over the package requested by the President. It provides the Pentagon with no flexibility in terms of procuring two types of equipment that are of critical importance to the ability of our troops to accomplish their mission and return home safely. The first is Kevlar flak jacket inserts otherwise known as body armor. The second is portable jammers to block the radio signals used to detonate the remote controlled bombs that have been repeatedly used to kill and wound our troops. For reasons that the committee has yet to determine, the current civilian leaders in the Pentagon failed to provide adequate supplies of these two types of equipment prior to the U.S. invasion of Iraq and further failed to purchase such equipment even after it became apparent in June that the shortages were costing American lives.

The Committee bill also eliminates some of the more egregious items in the administration's proposed Iraq "reconstruction" package such as the two \$50,000 a bed prisons, the trash trucks and the business training courses that appeared to cost more per pupil than the M.B.A. program at Harvard.

But there are several questions that Members of Congress should ask themselves before they vote to send this package to the President for final approval.

- 1. Does it do as much as it should to support our troops and allow them to return home safely?**
- 2. Does it do as much as it should to restore the readiness of the U.S. military to respond to future crises in the Middle East or other parts of the world?**
- 3. Does it provide Iraq with the right kind of assistance so that Iraqis can assume control of their own government, economy and security as quickly as possible allowing our troops to leave the country at the earliest possible date?**
- 4. Does the package provide for reasonable levels of assistance that not only meet the most important needs of the people of Iraq but also are balanced in terms of our own budget situation and in terms of what we are able to do with respect to the pressing needs of communities and people here at home?**
- 5. Does the package place a fair share of the burden for rebuilding Iraq on the shoulders of the American taxpayer?**
- 6. Should the package be financed by adding its cost to the public debt as both the administration and the Committee are proposing?**

7. Has the administration finally settled on an underlying policy that offers a reasonable chance for the sacrifices being demanded of our troops, their families and the taxpayer to be met with success?

If any Member feels the answer to all of the above questions is yes, then he or she should vote in favor of the package that has been reported by Committee. If on the other hand he or she feels that the answer to one or more of these questions is no, there is an obligation to work toward improving the package and oppose its moving forward until the improvements are in place. There is no question about the desire and determination of members of both parties in this Congress to move quickly toward adoption of a package that provides the funds needed by our military and supports Iraqi reconstruction at a level that will allow our troops to return home at the earliest possible date. But if Members fear challenging critically flawed provisions, they will fail in their responsibilities to both the troops and the taxpayer. These are my thoughts on each of the above questions.

1. With respect to the first question, the Committee proposal fails to do a number of extremely important things needed to support and protect our troops.

Clean Water

Probably the most important of these is the failure to provide needed water purification equipment to supply US troops with clean water. The administration requested this equipment for only one of the nine major US bases in Iraq. Since most of Iraq is without adequate sewage treatment facilities, most of the water available throughout the country needs a significant level of purification before it is potable. The President's request contains only \$15 million for such purposes leaving approximately 80% of the troops in Iraq without clean water.

This is both inhumane and stupid. Soldiers suffering from dysentery cannot perform their duties. Reports indicate numerous instances where entire units have been stricken with dysentery. There is nothing that the Congress can do to alleviate many of the dangerous and uncomfortable conditions with which our troops must contend on a daily basis in Iraq. It would be unforgivable if we failed to address one that could be easily and inexpensively resolved.

Pre Deployment Health and Dental Screening

A second issue that should be addressed is the cost to reservists being activated for duty in Iraq of pre deployment medical and dental screening. Currently such screening is the financial responsibility of the individual reservists. Not only should the cost of such screening be paid by the Pentagon on the basis of simple fairness, it also should be covered for purposes of ensuring the success of the mission. The heavy use of Reserve and National Guard troops in Iraq means that many older soldiers are being placed in a very difficult and physically demanding environment. Sending individuals into that environment without the physical capacity to cope with such conditions puts both the soldier and the mission at risk.

It strains the expensive and scarce resources we have for providing medical assistance in the field and forces medical evacuation of troops unable to meet the difficult challenges posed by extreme heat, dust, poor water, lack of sleep and high levels of stress.

Extending Post Deployment Health Coverage to Six Months

An additional issue with respect to Reserve and Guard units is the length of health care coverage following their deployments. Currently, that coverage lasts for only 60 days. The harsh and unusual conditions faced by the troops in Iraq make it highly probable that many of the important side effects of their deployment will not appear in the first two months following their deployment. Coverage should be extended to a full six months.

Providing Prepaid Phone Cards

Most members are aware that many of the soldiers stationed in Iraq have had to pay exorbitant telephone bills when they have had the rare opportunity to phone home. This supplemental can and should insure that there are adequate numbers of prepaid phone cards to allow U.S. soldiers to call home when they have the opportunity. The Committee bill does not do that.

Covering R&R Transportation Costs

While we are finally able to allow some troops to return home for a short period of rest and relaxation during their twelve month deployment, we are not covering the cost of that travel beyond the point of their arrival into the United States. That too is something that this package could and should cover but does not.

2. The Committee bill fails to take common sense steps to repair damaged equipment and leaves our nation's military at an unacceptably low state of readiness. The Services estimate that the invasion and occupation of Iraq has already placed a very heavy toll on the equipment that was deployed for those missions. The total cost of reconditioning all of the equipment used so far in Iraq exceeds \$20 billion.

While the massive size of the reconditioning efforts required makes it impossible to restore all or even most of the equipment used in Iraq in the current fiscal year, it is remarkable that the administration has requested far less than could be used for reconditioning between now and October 1, 2004. Unfortunately, the Committee also failed to provide the funds needed to get reconditioning efforts up to full speed.

The result of that specific budget decision is that thousands of pieces of valuable equipment such as M1 tanks and Bradley fighting vehicles, equipment that might be needed sooner rather than later, will sit in unusable condition throughout this year and well into the next. The capacity of our military to sustain itself in the

performance of this mission will be placed at risk and our ability to respond to crises outside of Iraq will be placed in serious jeopardy.

3. While the Committee wisely pared back some of the more outlandish projects proposed by the Coalition Provisional Authority, **the bill it is sending to the House does little to alter the underlying approach to reconstruction envisaged by the CPA. That approach relies on huge contracts with large multinational corporations to provide high tech and capital-intensive construction, training and services to Iraq requiring the importation of heavy equipment, highly paid consultants and the payment of corporate overhead and profits.**

The consequence of this approach is that the American taxpayer will pay more than he or she should; the amount of construction or reconstruction that can be performed within available funds will be significantly less than might otherwise be accomplished; the development of Iraqi businesses and institutions to deal with such problems will be negligible and the number of Iraqis who will be employed will be far less than could be productively used if less capital-intensive and lower tech approaches were followed. In short, we will be paying more for fewer results and particularly fewer results with respect to employment and other economic changes necessary to bring about greater political stability.

Perhaps the best example of how this approach is bilking the taxpayer while inhibiting reconstruction is a recent attempt to restore a concrete factory in Northern Iraq. After U.S. engineers had estimated that it would cost \$15 million to bring the factory up to Western standards, Major General David Patraeus, Commander of the 101st Airborne Division gave the contract to local Iraqis who were able to get the cement plant running for just \$80,000. In the process, General Patraeus stimulated the growth of Iraqi businesses and the ability of the country to cope with its own problems through finding its own solutions.

4. Despite the \$1.7 billion cut from the Administration's request, the Committee provides \$18.6 billion for Iraq reconstruction and thereby effectively more than doubles U.S. foreign aid. **The package is not balanced either in terms of what we spend in other troubled portions of the world or what we are spending to solve problems here at home.**

The amount of money that the administration proposes to spend in the coming year for reconstruction of Iraq is so massive that it is difficult to place it in perspective.

While some in the administration have evoked the Marshall Plan as a precedent, the request would have us spend about ten times as much on a per person basis in Iraq in the coming year as we spent per year in Europe after World War II even after adjusting for inflation.

The proposal would have us provide more than twice as much assistance to Iraq, a country with a per capita income nearly four times that of the world's poorest

nations, than we provide to all the rest of the world. This is in spite of the fact that if all of Iraq's 23.5 million people were desperately poor they would still constitute less than 1% of such persons on a global basis.

But the lack of proportionality with the Iraq request is also true with respect to the amounts that would be provided for infrastructure and training in Iraq compared to similar types of investments that the administration is unwilling to make here at home. The \$3.7 billion requested for sewer and water projects in Iraq for instance compares to only slightly more than that amount in the federal budget for all of the communities and jurisdictions in the United States, a country with about 12 times the population.

5. The Committee bill forces the U.S. taxpayer to cover costs for Iraq through direct grants even though Iraq has more than \$7 trillion in proven and probable oil reserves and is in a strong position to repay the sums needed for its own reconstruction. The bill does nothing to internationalize the burden and encourage other nations to make a contribution.

All of the \$18.6 billion in assistance provided Iraq is provided as a direct grant with no obligation to repay. While many approaches to providing loans to Iraq are complicated by the estimated \$100 billion to \$200 billion in outstanding debts that Iraq may owe to foreign creditors, it is possible for the World Bank to lend money to Iraq for reconstruction in the context of a debt restructuring agreement. By virtue of that agreement, the World Bank would have first claim on Iraqi oil earnings.

Current creditors to Iraq would have a stake in such an agreement because the World Bank would provide the resources needed to generate the oil revenues necessary for the repayment of long-term debt. The unilateral financing of Iraqi reconstruction not only places much of the burden for Iraq's reconstruction on U.S. taxpayers rather than Iraqis, but also provides a disincentive to Iraq creditors to give the World Bank or other international lending institutions the preeminence in debt restructuring that would be necessary to generate new lending.

An additional advantage of channeling reconstruction aid through international lending institutions is that it increases the scrutiny over the funding of specific projects and helps to insulate the process from the prospect of cronyism that may develop when all contracts are controlled by one government dominated by one political party.

6. All of the spending that will result from this \$86.9 billion appropriation will be added to the Public Debt. Our children and grandchildren will have to pay that interest every year until they find the funds to pay off those loans.

Based on projections by the Congressional Budget Office, interest payments on U.S. treasuries over the next several years are likely to average about 5%. That means that on a permanent basis we will be spending over \$4 billion a year just to cover the interest payments that this supplemental will require us and future generations to make. To put that in perspective, it is more than we currently spend each year for research on Alzheimer's disease, autism, breast cancer, ovarian cancer, prostate cancer, diabetes, Parkinson's disease, Lou Gehrig's disease, multiple sclerosis and all forms of kidney disease combined.

We could quite easily prevent this huge cost from being passed on to the next generation by simply returning the top income tax bracket to the level it was when George W. Bush was inaugurated. High income Americans would still get tax breaks as large or larger than those provided to any other income group, but they would not get the mega breaks promised in the tax measures signed into law the last several years. In total, this proposal would generate more than \$125 billion in additional revenue between now and calendar year 2011. That would not only cover the cost of this supplemental, but also at least a portion of future Iraq-related military and reconstruction costs.

Some will undoubtedly argue that high-income persons have a right to rely on these rate cuts since they have already been enacted. But it can also be argued that many guard and reserve members had no reason to expect that their lives and careers would have been totally disrupted by the lengthy deployments that our efforts in Iraq now require. It is important to recognize that this effort is imposing consequences beyond what was initially expected and that people in all income groups should share those consequences.

7. Even if one concludes that this supplemental adequately supports our troops; does all that is necessary to recondition equipment necessary for military readiness; provides the right reconstruction assistance in the right manner; is balanced and proportionate in the assistance it provides to Iraq relative to spending here at home and in other needy countries; does not place too much burden on American taxpayers and that the package should be financed by adding to the public debt, there is one additional consideration that thoughtful legislators should weigh before they commit themselves to support this package. **The Administration is still incapable or unwilling to articulate a coherent and workable underlying strategy to accomplish our mission and bring our troops home. Since the power of the purse remains the only effective means that the Congress has to ensure for the American people that such a strategy exists and that it has a reasonable chance for success, support for these funds prior to evidence of such a strategy would be an abdication of responsibility.**

During each of the four hearings held before the Appropriations subcommittees before reporting this \$87 billion package, administration witnesses repeatedly stated that they could not comment on a time frame for a transition of decision making authorities to Iraqi leaders, that they had no idea how many troops would be required beyond next September, that they could not guess as to what

contributions in terms of military assistance or cash would be forth coming from other nations, that they had no idea how much additional Iraqi reconstruction money would be requested for fiscal year 2005 or subsequent years, or how the Iraqi deployment might affect other long term priorities within the defense budget.

It is clear that if the Congress had more energetically exercised its Constitutional responsibilities prior to the invasion of Iraq it could have forced the administration to make more thoughtful and sober assessments of the costs as well as the benefits of the proposed policy and could have brought into the open the fact that there was essentially no realistic planning for the post invasion phase of the deployment. If the Congress allows the current package to move forward without more answers than it has now, it is giving up the only mechanism the American people have for determining whether the current planning is superior to that which brought us to the place we now find ourselves and whether or not more realistic plans should be formulated before additional assistance is taken from the Treasury.

Outline of the Obey Substitute

A substitute to the Committee package was offered during the markup. The substitute would have done the following:

1. Reduced total reconstruction grant funds by \$4.6 billion and added \$4.6 billion for a series of military needs:
 - \$600 million for various quality of life measures for our troops including water purification; pre-deployment health and dental screening; extension of guard and reserve health benefits from 60 days to 6 months after deployment; prepaid phone cards; R&R transportation costs and a number of other items.
 - \$3 billion for reconditioning of equipment damaged in Iraq. This is on top of the \$4 billion already in the bill for equipment reconditioning. It is the full amount requested by the services and the maximum reconditioning we could accomplish over the next twelve months.
 - \$1 billion to lift the 480,000 cap on Army personnel and permit the Army to recruit 20,000 troops or approximately one additional division to reduce the strain that currently exists on both the regular army and reserve and guard units.

The \$4.6 billion reduction in reconstruction could be accomplished by reducing reliance on large multinational corporate contractors and encouraging the use of local labor and by deferring funds for a portion of the large scale projects where no construction plan currently exists and the ability of the CPA to obligate funds prior to the end of the current fiscal year is highly doubtful.

2. Divide the remaining \$14 billion in reconstruction funds into two parts. Seven billion dollars would be provided to the CPA for high priority items contained in the request. The other \$7 billion would be transferred to a Trust Fund at the World Bank. World Bank access to those funds would be conditioned on contributions from other nations of at least \$3.5 billion. The resulting \$10.5 billion fund would be used as security for the sale of an additional \$42 billion in World Bank bonds. These bonds would be used for Iraq reconstruction. A recent United Nations, World Bank assessment of Iraqi infrastructure, education, health, private sector and security needs identified \$54 billion in requirements over the next three years. The proposed World Bank trust fund could meet the vast majority of those needs without further contributions from the United States.

3. Finally, the proposed substitute was fully paid for by returning the tax rate for individuals in the top federal income tax bracket (generally people with incomes in excess of \$350,000) to the 39.6% level that existed in January 2001. These individuals would continue to benefit from the rate reductions on income at lower levels and would in fact still receive tax breaks as large or larger than taxpayers at any other income level.